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360 Capital Digital Infrastructure Fund (ASX: TDI)

2020 Full Year Results Presentation and Fund Update

4th September 2020

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Highlights Since Listing

- Listed 31st October 2019 and currently has c2000 unit holders
- Recognised \$5.5m gain on \$10.7m convertible note investment
 - IRR on investment of 115%
- Guam data centre construction slightly delayed but is now essentially complete with strong leasing on Stage 1
- Paid distributions of 10.0 cps in 2H20 mainly driven by the convertible note gain
- FY20 Operating profit of \$6.4m (equating to 14.2 cps)
- TDI now stapled to allow more active investments
- Post period investment in MIRA led consortium that recently acquired an 88% stake in Asia Pacific Hyperscale operator Airtrunk

>\$66.3m

Cash

10.0 cps

Paid distribution
for 2H20

14.2 cps

FY20 operating earnings
per Security

Market Drivers and Trends

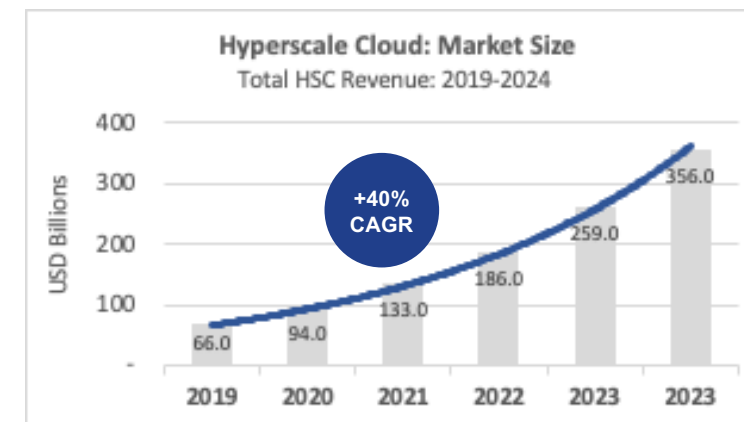
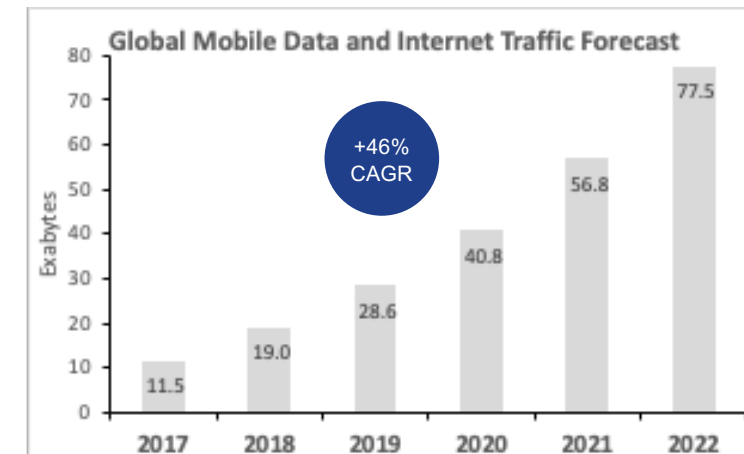


Global trends continue to drive long-term growth of internet and mobile traffic which needs to be stored, processed and distributed.

- Broadband speeds double and mobile speeds triple between 2018-2023
- M2M/IOT traffic forecast to dominate connection growth fueled by smart homes and driverless cars
- UHD Video requires more than twice the data rate of HD
- Hyperscaler cloud growth still running at >40% CAGR

In 2017, mobile traffic grew 71% with more than 50% of traffic now being video

Q2 FY20: AWS revenue grew 29% versus previous quarter



Focussed Investment Strategy

“The digital revolution is creating a once in lifetime investment cycle in technology infrastructure assets to support the inexorable growth of cloud, Internet of Things and a hyper connected world.

In this new economy, data centres are the factories of the future”



David Yuile
Managing Director
360 Capital Digital Infrastructure

- Based on a strategic review of TDI, investment pipeline shape and investor feedback the fund will now narrow its investment focus to solely data centres with an emphasis on operating assets
- In line with the new strategy, TDI will divest Fibreconx, which was an early stage investment, at market value with the company to be funded from external sources
- TDI will rebrand over the next few months to reflect the data centre investment focus



Target Data Centre Segments

			
	Hyperscale	Large Ecosystem/Colocation	Regional/Edge
Asset Description	Typically out of town, purpose-built, large warehouse like, facilities with highly redundant power, large amounts of cooling, strong physical security connected to major telco networks	Typically in town, purpose-built, large facilities with highly redundant power, large amounts of cooling, strong physical security highly connected to major telco networks and subsea cable networks. Often certified to independent standards.	Typically in town, smaller facilities, purpose built with redundant power, cooling and cooling with daytime/remote security monitoring connected to telco networks and mobile networks
Typical Usage	A centralised location used to house and facilitate the operation of information technology infrastructure such as servers, storage devices and network equipment	A centralized location used to house and facilitate the operation of technology infrastructure such as servers and storage with a focus on connectivity to telecommunications and cloud services	A centralized location used to house and facilitate the operation of technology infrastructure such as servers and storage servicing local IT markets, content distribution/cloud that is latency sensitive
Sample Customers	<ul style="list-style-type: none">➤ Hyperscale Cloud Operators➤ Gaming and content providers➤ System Integrators	<ul style="list-style-type: none">➤ Finance and Insurance➤ Government and Enterprise➤ Hyperscale on Ramps	<ul style="list-style-type: none">➤ Local Enterprise➤ Council/Universities/Colleges➤ Content Distributors➤ Cloud and Mobile Edge
Examples of major operators	<ul style="list-style-type: none">➤ Digital Realty➤ Cyrus One➤ Air Trunk➤ Vantage	<ul style="list-style-type: none">➤ Equinix➤ NextDC➤ GDS	<ul style="list-style-type: none">➤ ETIX Everywhere➤ Tierpoint➤ EdgeMicro



Investment Portfolio – Committed to c\$25M stake in MIRA led consortium in Airtrunk

- Committed an investment of c\$25m in the MIRA led consortium that recently acquired an 88% in Airtunk
- Provides significant exposure to a pure hyperscale play with operations across Asia Pacific
- The business has an outstanding track record of growth in Hyperscale data centres which is a credit to the management team
- Investment highly correlated to fund thesis of overweight growth in Hyperscale data centres across Asia Pacific

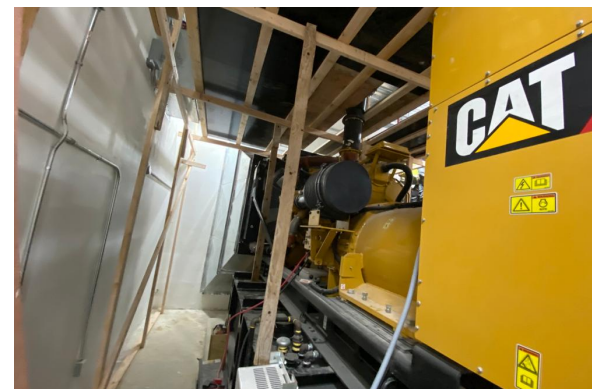
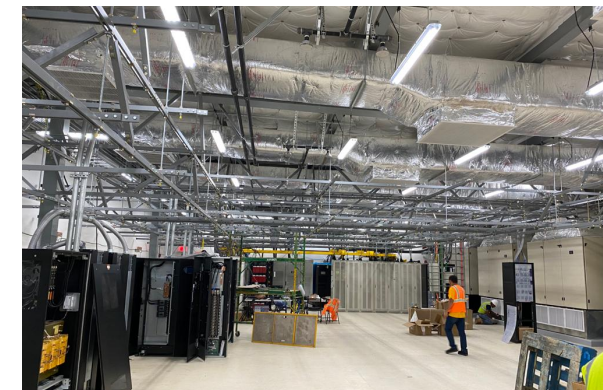


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Investment Portfolio – GNC Data Centre in Guam

- \$7.8m (18.5% interest) investment in operating company (Gateway Network Connections) which will own and operate a data centre in Piti, Guam (a US territory)
- Due to complete mid Sept 2020
- Stage 1 will have 107 rack/c0.8MW and Stage 2 will only require fit out to upgrade to racks/1.8MW (an additional max 140 racks)
- Sales to date include two 15 year leases with 2 X 5 year options for 71 racks with advanced discussions on another 14 racks
- Based on current pipeline Phase 2 fit out may need to be accelerated





Investment Portfolio – Fujitsu Perth Data Centre

- Tier III certified data centre, located in Perth, Australia
- 100% leased for a term of 15 years to Fujitsu with approximately 5 years remaining on the lease
- Site area 9,441m² with a gross lettable area of 6,561m²
- Facility was constructed in 2010 as a purpose-built data centre and has been operational since
- The property was purchased for \$37.0m (plus costs) on an initial passing yield of 6.5%
- Property provides base level of distributions for TDI
- \$20m of gearing capacity available for this asset



Financials - Balance Sheet

	30 Jun 20 (\$'000)	31 Dec 19 (\$'000)	Change (\$'000)	Change (%)
Cash	66,287	54,380	11,907	
Convertible Note	-	15,057	(15,057)	
Investment Property	37,000	37,000	-	
Unlisted Equity Investment	7,935	7,792	143	
Property, plant and equipment	601	-	601	
Software	319	-	319	
Deferred tax liability	216	-	216	
Other assets	190	390	(200)	
TOTAL ASSETS	112,548	114,619	(2,071)	(1.8%)
Distribution payable	3,161	-	3,161	
Other liabilities	202	283	(81)	
TOTAL LIABILITIES	3,363	283	3,080	1,088%
NET ASSETS	109,185	114,336	(5,151)	(4.5%)
External non controlling interest	(308)	-	(308)	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS	108,877	114,336	(5,459)	(4.8%)
Securities on issue ('000)	57,469	58,250	(781)	
NTA per Unit	\$1.89	\$1.96	\$(0.07)	

\$66.3m
Cash balance

As at 30 June 2020 available for
deployment into the investment pipeline
in FY21

\$20.0m
Debt capacity

\$20m bank debt facility secured against
Malaga data centre now available post
balance sheet date

Financials - Profit and Loss

	30 Jun 20 (\$'000)
Rental from Investment Properties	1,930
Finance Revenue	324
TOTAL REVENUE	2,254
Other income	5,607
TOTAL REVENUE AND OTHER INCOME	7,861
Operating expenses	3,967
PROFIT BEFORE INTEREST & TAX	3,894
Interest Expense	61
PROFIT BEFORE TAX	3,833
Income Tax Benefit	216
STATUTORY PROFIT AFTER TAX	4,049
FV loss on investment properties (Malaga acquisition costs)	2,024
Unrealised foreign exchange gain	(144)
Other adjustments	421
OPERATING PROFIT AFTER TAX ¹	6,350
OPERATING EPS	14.2 cps
STATUTORY EPS	9.1 cps
DISTRIBUTIONS CPS	10.0 cps

\$5.5m

Profit on convertible
note redemption

TDI had its convertible note with a global hyperscale data centre operator redeemed in April 2020 leading to an overall gain of \$5.5m.

\$4.1m

Statutory NPAT
attributable to
unitholders

Statutory net profit attributable to unitholders primarily impacted by the \$5.5m gain on the redemption of the convertible note less \$2.0m loss on fair value of investment properties.

\$6.4m

Operating profit

Operating profit of \$6.4m (equating to 14.2 cps) excludes \$2.0m loss on fair value of investment properties.

14.2 cps

Earnings per security

Operating Earnings per security of 14.2 cps for the period during the first 8 months of the Fund's operations.

¹ Operating Profit based on management accounts. Refer to Note 1 in the Financial Report.



Guidance and Outlook

- Data centre growth thematic and drivers expected to continue unabated
- Well capitalized with additional debt capacity
- Strong data centre deal pipeline which is now beginning to convert
- Targeting to have available funds deployed by YE latest
- No distributions guidance for FY21, until cash deployment fully identified

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